

P- 542, 421, 430, 407, 405, 520/CP-92-30 ORDER GRANTING TIME EXTENSION AND  
SETTING STIMULATION FACTOR

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

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Chair  
Commissioner  
Commissioner  
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Commissioner

In the Matter of a Petition for Extended Area  
Service from the Lonsdale Exchange to the  
Minneapolis/St. Paul Metropolitan Calling  
Area

ISSUE DATE: March 23, 1994

DOCKET NO. P- 542, 421, 430, 407, 405,  
520/CP-92-30

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**PROCEDURAL HISTORY**

On January 13, 1992, subscribers in the Lonsdale exchange filed a petition for extended area service (EAS) to the Minneapolis/St. Paul Metropolitan Calling Area (MCA).

On January 21, 1992, the Minnesota Department of Public Service (the Department) requested Lonsdale Telephone Company (Lonsdale) to file traffic data for the Lonsdale to MCA route.

On January 29, 1992, the Commission issued its ORDER DENYING PETITIONS FOR RECONSIDERATION in the Hokah to LaCrosse, Wisconsin EAS petition (Docket P-401/CP-89-951). Among other things, this Order required interexchange carriers (IXCs) to meet with the Department to determine a reliable and uniform traffic study methodology that can be used by local exchange companies (LECs), such as Lonsdale, in developing their cost studies and proposed rates for the pending interLATA EAS petitions. Among the LECs that would use the developed methodology was Lonsdale.

During 1992, the IXCs, the Department, the LECs serving the MCA, and Commission staff met several times to develop the methodology.

On November 6, 1992, the Commission issued its ORDER APPROVING TRAFFIC STUDY METHODOLOGY AND REQUIRING FURTHER FILINGS. This Order approved the traffic study methodology proposed by the IXCs.

On July 16, 1993, Lonsdale Telephone Company verbally indicated to Commission staff that it could secure interLATA traffic data for the Lonsdale to MCA route from MEANS, the centralized equal access organization. Lonsdale Telephone is a MEANS member.

On August 10, 1993, the Commission issued its ORDER REQUIRING TRAFFIC STUDIES.

On September 28, 1993, Lonsdale filed a letter indicating the Lonsdale to MCA route meets the traffic adequacy criterion.

On October 6, 1993, the Department filed a letter recommending that the traffic between Lonsdale and the MCA meet the traffic criterion.

On October 28, 1993, the Commission issued an Order requiring cost studies, proposed rates, and a lower-priced alternative.

On February 14, 1994, Lonsdale filed a request for an extension until April 1, 1994 to file the

required information. Lonsdale also requested the Commission to establish a stimulation factor of 4 for the Lonsdale petition.

On March 8, 1994, the Commission met to consider this matter.

On February 16, 1994, the Department filed a request for reconsideration to set the stimulation factor at 2 for four other Metro EAS cases: Belle Plaine, Cologne, New Prague and Waconia.

## **FINDINGS AND CONCLUSIONS**

### **A. Time Extension**

In the Commission's October 28, 1993 Order in this matter, the Commission directed the affected telephone companies to file cost studies and proposed rates. However, in order to complete these cost studies and proposed rates the companies needed to receive complete traffic data from the company serving the petitioning exchange, Lonsdale.

Lonsdale's ability to provide that data, however, is itself contingent upon its receipt of traffic data from other entities, i.e. the IXC's that carry traffic between Lonsdale and the MCA.

The petitioning Lonsdale exchange is in a different LATA from the petitioned MCA. Since traffic crossing LATA boundaries must be carried by IXC's, traffic data needed to calculate cost studies and proposed rates must be gathered from the IXC's that carry traffic between the Lonsdale exchange and the MCA. For EAS routes that cross LATA boundaries, the LEC serving the petitioning exchange has the responsibility to gather the traffic data from the relevant IXC's and file that aggregated data with the Commission.

In support of its request for additional time to file the aggregated traffic data, Lonsdale stated that it had just received AT&T's traffic data and had not yet received data from MCI. In addition, Lonsdale noted that once it has compiled the traffic data it is likely to take USWC (one of the main LEC's that would be using the aggregated traffic data) four weeks to complete its costing and engineering process.

The Commission finds that there is good cause to extend the time for Lonsdale's filing, as requested, to April 1, 1994. The extension will harm no party and should, in fact, allow Lonsdale to make a complete filing. To coordinate the schedule in this matter, the due date for other telephone companies' cost studies and proposed rates will also be extended to April 1, 1994.

### **B. Stimulation Factor for the Lonsdale Exchange**

In Orders issued January 27, 1994, the Commission reviewed stimulation studies compiled for the Belle Plaine, Cologne, New Prague and Waconia EAS exchanges regarding call stimulation upon the inclusion of these four exchanges into the metro calling area. Like Lonsdale, these four exchanges are outer-rim exchanges that requested EAS to the MCA.<sup>1</sup>

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<sup>1</sup> In the Matter of the Petition of Certain Subscribers in the Belle Plaine Exchange for Extended Area Service to the Minneapolis/St. Paul Metropolitan Calling Area, Docket No. P-405, 421/CP-86-55, ORDER APPROVING STIMULATION FACTOR FOR SETTLE UP FILING (January 27, 1994); In the Matter of the Petition of Certain Subscribers in the New Prague Exchange for Extended Area Service to the Minneapolis/St. Paul Metropolitan Calling Area, Docket No. P-520, 421/CP-86-537, ORDER APPROVING STIMULATION FACTOR FOR SETTLE UP FILING (January 27, 1994); In the Matter of a Commission Investigation into Extended Area Service Between Cologne and the Minneapolis/St. Paul Metropolitan Calling

In those Orders, the Commission observed that while initially it may appear attractive to adopt stimulation factors finely tuned to the differences between exchanges displayed in these studies, the actual reduction in rates resulting from that approach would be negligible.

- First, the Commission reasoned, the stimulation factor is a de minimis item in the context of calculating EAS rates.
- Second, for small telephone companies involved in a proposed EAS route, there is a threshold minimum expansion cost to accommodate the EAS that would not decrease significantly even if the system only needed to meet traffic stimulated by a factor of 2.
- Finally, the Commission noted that increased administrative activity and the costs incurred by the telephone company in fine-tuning its stimulation factor on a case-by-case basis (costs which would have to be recovered from the customers in EAS rates) were likely to easily offset any reduction due to using a lower stimulation factor.

In its January 27, 1994 Orders, the Commission concluded that a stimulation factor of 4 would be reasonable for each of the four outer-rim to MCA routes in question.<sup>2</sup>

No party has attempted to show that the Lonsdale exchange is so different from the previously considered exchanges in material characteristics that it is not subject to the precedent established in the previously cited cases. Likewise, no party has advanced arguments to persuade the Commission that any reason exists to depart from its precedent in this case. Accordingly, the Commission will direct the telephone companies involved to use a stimulation factor of 4 in the cost studies and proposed rates that they are in the process of compiling in this matter.

### **ORDER**

1. The request of Lonsdale Telephone Company (Lonsdale) for additional time to prepare and file its cost studies, proposed rates, and lower-priced alternative in this matter is granted. Lonsdale shall file these items on or before April 1, 1994.
2. Likewise on or before April 1, 1994, the other telephone companies which provide service to the MCA shall file cost studies and proposed rates.
3. The cost studies and proposed rates filed pursuant to Ordering Paragraphs 1 and 2 should follow the guidelines set out in the body of the October 28, 1993 Order in this matter.

The telephone companies shall serve the filings on the Department, the petition sponsor, and other parties.

4. Within 60 days of the filing of cost studies and proposed rates and Lonsdale's lower

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Area, Docket No. P-430, 421, 407, 405, 426/CI-90-441, ORDER APPROVING STIMULATION FACTOR FOR SETTLE UP FILING (January 27, 1994); In the Matter of the Petition of Certain Subscribers in the Waconia Exchange for Extended Area Service to the Minneapolis/St. Paul Metropolitan Calling Area, Docket No. P-430, 421/CP-86-5, ORDER APPROVING STIMULATION FACTOR FOR SETTLE UP FILING (January 27, 1994).

<sup>2</sup> Upon reconsideration, the Commission reaffirmed the conclusions and reasoning of those Orders. See, e.g. Belle Plaine, ORDER DENYING RECONSIDERATION, Docket No. P-405, 421/CP-86-55 (March 22, 1994).

priced alternative, the Department shall file a report and recommendation. If the Department recommends changes in the assumptions used, the Department shall recalculate rates using its own assumptions.

5. Parties who wish to comment on the Department's report shall do so within 20 days of its filing.
6. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION

Burl W. Haar  
Executive Secretary

(S E A L)